

9 March 2007

**Aqua Bounty Technologies**  
**(“Aqua Bounty” or “the Company”)**

Aqua Bounty Technologies, Inc. (AIM: ABTX), a biotechnology company focused on enhancing productivity in the aquaculture market, announces today a trading update on the Company's operations and expectations for 2007, ahead of the Company's preliminary results announcement for the year-ended 31 December 2006, which is expected in May.

The final out-turn for 2007 will be dependent on a number of important factors, in particular, the pace at which registration and regulatory approval for the Company's products are granted. Taking this into account, the Board believes that it should take a cautious view of the Group's revenue.

The key points are as follows:

- Loss for 2006 is expected to be in line with expectations
- Based on internal management estimates of current sales prospects, the Directors do not expect to meet their revenue expectations for 2007
- The financial health of the Company is excellent, with several years of cash reserves in the bank

The most significant commercial issue for the Company has been the slow pace of regulatory approval in target markets for the Company's lead product, Shrimp IMS, an immunostimulant that is deployed as a feed additive. Product registration has been found to take as much as a year or more in many of the largest shrimp-producing countries such as China, Vietnam, Brazil, and Venezuela. Additionally, adoption in target areas such as Asia, where 80% of the world's shrimp is produced, has been slowed by lack of equipment at the shrimp feed mills to properly apply IMS to the feed. Shrimp IMS is a heat-sensitive protein added to the feed late in the manufacturing process through specialized spray equipment. While the process is common in Latin American feed mills, most Asian mills have not yet adopted it.

In countries where IMS is registered, the product continues to meet the Company's expectations, consistently proving in both laboratory and commercial settings that it is capable of providing a significant economic advantage to shrimp farmers. Shrimp that are fed with Shrimp IMS are repeatedly shown to have notably higher survival rates than shrimp which are not fed Shrimp IMS. Two recent large commercial trials in Ecuador reinforce this finding:

- In one farm, shrimp in the treated ponds had a 43% higher relative survival rate with a 12% increase in growth rate, resulting in a 55% greater yield for the farmer. Feed conversion improved by 52%, adding significantly to the positive economic impact to the farmer
- In a second farm infected with three diseases (White Spot, IHHNV and NHP), treated shrimp had a 40% greater relative survival rate resulting in a 31% increase in gross profit

Significantly, recent analyses carried out by independent laboratories confirm that IMS causes shrimp to significantly enhance physiological immune functions as indicated by increases in critical immune system components including lysozyme, hemocyanin, and phenoloxidase, as well as all forms of white blood cell equivalents.

**IMS in Latin America**

ABT has expanded its distribution network to include the largest shrimp feed manufacturers in Mexico and Ecuador, Vimifos and Expalsa. 2007 will be the first full year during which IMS feeds will be offered by these two companies. The Company's distribution agreement with Expalsa covers Peru as well as Ecuador. ABT also has agreements in principle with two of Brazil's largest feed manufacturers to test and incorporate IMS into their product lines, but commercialisation will

await registration which may take another year. In Panama, ABT will begin distribution through Grupo Calesa, that country's largest integrated larvae, feed and shrimp producer.

### **IMS in Asia**

The Company is focusing on registration efforts and field trials in Thailand, China, Vietnam and Indonesia. Combined, these four countries produce 68% of the world's farm-raised shrimp. Local staff have been recruited to monitor extensive field trials beginning in Indonesia and China in March, and in Vietnam in April. Given the pace of registration efforts, however, and the need to introduce new equipment to major feed mills, it is unlikely that significant revenue from these countries can be expected before 2008.

### **VPX Commercial Introduction**

The commercial introduction date for the Company's second leading product, VPX, a vaccine to prevent mortality in shrimp from the White Spot virus, has been pushed back from late 2007 into 2008. The delay is a result of further work to determine the optimum product form. Late stage trials of a powdered form of VPX have been successful in reducing mortalities from the White Spot Virus by up to 80%. Dose optimization of the dried form is the immediate objective of field trials due to take place in Latin America starting in April 2007 and projected to last into the autumn. With that schedule, initial commercial efforts would be anticipated for early 2008. Customer demand for an effective product cannot be overstated, as White Spot Virus continues to be the most significant and difficult to treat disease for shrimp farmers. We continue to anticipate an immediate and large demand for the product once the company is satisfied that it passes all commercial trials.

### **AquAdvantage Salmon**

AquAdvantage advanced-hybrid salmon and trout continue to perform exceptionally in comparison with all other farm-raised fish. Continued improvements through cross-breeding with other domesticated salmon and trout lines have enhanced the growth-rate advantage previously documented. Growth rates of AquAdvantage salmon project to a time-to-market of 16 to 18 months compared with the existing commercial standard of 31 to 36 months.

The US Food and Drug Administration (FDA) is continuing its review of ABT's regulatory filings. As announced on 4 December 2006, several key requirements have already been satisfied. The Company remains highly optimistic that approval will be granted. To date, there have been no adverse findings by the FDA as a result of studies submitted by the Company and none are anticipated. However, the Agency can and does make requests of ABT to submit additional supporting data or clarifications, which even though not requiring new studies, can be time-consuming to fulfil.

At this time, the Company does not anticipate having to produce any additional studies to satisfy FDA data requests. All studies relevant to proving the food-safety of the salmon have been submitted. Its technical superiority is unquestioned.

Simultaneous with fulfilling the regulatory approval requirements of the United States, the Company is proceeding with plans to begin growth and breeding trials in one or more major salmon producing countries in partnership with local firms and institutions.

### **Outlook for 2008**

Despite experiencing slower than anticipated commercial introductions of its two leading near-term products, the Company remains confident in the efficacy and revenue-producing potential of both IMS and VPX. As regulatory approvals are secured and producers carry out their own trials we expect sales to grow strongly. We are less in control of time scales for the commercialisation of the AquAdvantage brood-stock line but if this product continues to make regulatory progress it should begin to contribute in the medium term.

## **Financial Status of The Company**

The financial health of the Company is excellent with cash and investments presently totalling more than \$22 million. This amount is sufficient to fund operations and meet all current and foreseeable obligations into 2010. The Company is without significant debt obligation other than repayment of certain government-sponsored loans that are not due for six or more years.

### **Elliot Entis, Chief Executive Officer of Aqua Bounty commented:**

“It is disappointing to report that the Company will miss its targets for 2007. Although the Board is conscious of the Company’s projected underperformance, we strongly believe that the current strategy, if not the timing for its fulfilment, is correct and will deliver a solid sales and marketing performance.”

### **For further information please contact:**

#### **Aqua Bounty**

Elliot Entis  
Joseph McGonigle

+1 781 899 7755

#### **Bell Pottinger Corporate & Financial**

Daniel de Belder / Amy Rajendran

+44 (0) 20 7861 3232